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**Ceres***Sustainability is the bottom line.*

Arizona Corporation Commission

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AZ CORPORATION COMMISSION
DOCKET DIVISION

March 11, 2022

Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Re: Ceres Comments on SRP's Request for Commission Approval of a Certificate of Environmental Compatibility for the Coolidge Expansion Project, Docket No. L-00000B-21-0393-00197

Dear Chairwoman Marquez Peterson and Commissioners:

Thank you for the opportunity to submit these comments on behalf of Ceres. Ceres is a national nonprofit that works with influential businesses and investors in Arizona and across the country to build equitable market-based solutions to today's sustainability challenges.

As part of this work, Ceres organizes the Business for Innovative Climate and Energy Policy (BICEP) Network, a coalition of over 85 major employers, large electricity customers, leading consumer brands, and Fortune 500s, including many with operations, facilities, and business interests in Arizona.

As large employers and major energy consumers, our members understand firsthand how energy resource decisions affect the cost of doing business.

As the Commission reviews Salt River Project's (SRP's) request for a Certificate of Environmental Compatibility (CEC) for the Coolidge Expansion Project, we respectfully request that it consider the following concerns of the Arizona business community.

I. SRP did not issue a competitive solicitation to explore the full suite of options to address its resource needs. As a result, cheaper options may not have been considered.

It should be a default requirement to issue competitive RFPs to ensure that new generation resources are acquired at lowest ratepayer cost; to minimize ratepayer exposure to fossil fuel price volatility; and to reduce environmental impacts, including water consumption. Competitive processes are especially important when the investment decision in question is a substantial — as it is in this instance.

Unfortunately, the Coolidge Expansion Project was *not* the product of a competitive, all-source process. Consequently, we are concerned that potential resource alternatives were not fully considered or were prematurely taken off the table.

Meanwhile, we have recently seen initial results from a competitive RFP process that SRP initiated last fall — *after* its decision to expand the Coolidge Generating Station. Indeed, on February 24th, SRP Management reported that it received bids for 56 unique projects, including 30 solar and solar+storage proposals, 13 standalone storage proposals, 6 wind proposals, and 3

thermal projects.¹ The diversity of these results and the speed at which they were received underscore that SRP could and should have conducted a competitive process to inform its decision-making with respect to Coolidge.

II. SRP's decision-making process was rushed and failed to consider the impact on customer rates and bills.

About three weeks transpired between the time that SRP Management publicly announced its plans to expand the Coolidge Generating Station and the SRP Board cast its vote to authorize ~\$1 billion for the project. This rushed process provided limited-to-no time for stakeholder input and review, including by SRP's largest customers. Moreover, SRP did not provide any analysis on the rate or bill impacts of its decision. Together, these factors raise very serious questions about the utility's commitment to affordable utilities and to transparent, data-driven decision-making.

III. The Coolidge Expansion Project diverts investment away from zero-emission options that free up private capital that can be reinvested into facilities, operations, and Arizona communities in which businesses serve and operate.

Clean energy helps businesses hedge against volatile fuel prices, remain competitive in the market, and meet the expectations of customers, investors, and employees. Because of these risks, companies in Arizona and nationwide are making significant commitments to invest in clean energy. These commitments not only benefit public health and the environment, but also make business sense. Indeed, renewable energy and energy efficiency investments save U.S. companies ~\$3.7 billion per year, freeing up significant capital that they can reinvest into their facilities and operations, including research and development (R&D). Ultimately, given business preferences for clean and affordable energy resources, we have significant concerns that SRP did not adequately explore resource portfolio options that considered these economic considerations. Meanwhile, we have serious concerns that energy pathways that prioritize gas will increase the likelihood of future stranded assets.

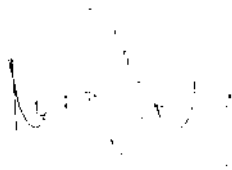
IV. Many questions remain unanswered

The unprecedented speed and unusual nature by which SRP conducted this decision-making process have given rise to significant, unanswered questions. For example, given the tightening of the western energy market, it is reasonable to assume that the implementation of the Coolidge Expansion Project will generate revenue through western energy markets, including potentially, the western Energy Imbalance Market (EIM). What does SRP estimate these revenues to be? Will they be transparently and publicly documented as is standard practice for Arizona Public Service Company? Does SRP intend to use these revenues to fully offset customer costs? These questions represent some of the *many* questions that should be answered before this Project proceeds.

We appreciate the opportunity to provide these comments and share these perspectives of the private sector. Please do not hesitate to be in touch if we may provide additional information.

Sincerely,

¹ All-Source Request for Proposals Bid Summary, Kelly Barr, Salt River Project Power Committee, February 24, 2022



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